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HOUSE BILL 983
By Stanley

SENATE BILL 1349
By Bryson

AN ACT to amend Tennessee Code Annotated, Title 9, Chapter 21, relative to the issuance and sale of bonds and notes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 9-21-203, is amended by deleting such section in its entirety and by substituting instead the following:

> Any local government proposing to sell general obligation bonds under the provisions of this part and part 1 of this chapter is authorized to sell such bonds at a competitive public sale. The local government shall publish a notice of sale at least five (5) days prior to the date on which the bonds are to be sold, either in a financial newspaper having national circulation, or via an electronic communication system which is generally available to the financial community. The notice of sale shall set forth the time, date and place of sale, the maximum amount of bonds to be sold, the maximum interest rate, the maximum discount, if any, in dollars or as a percentage of par value, that will be permitted, and the basis upon which the bonds will be awarded. If the principal amount of general obligation bonds to be sold is not greater than five million dollars ($5,000,000), then the notice of sale may be published either as set forth above or in a newspaper having general circulation in the local government.

SECTION 2. Tennessee Code Annotated, Section 9-21-204, is amended by deleting all provisions except the first sentence of such section.

SECTION 3. Tennessee Code Annotated, Section 9-21-604, is amended by deleting such section in its entirety and by substituting instead the following:

Capital outlay notes issued pursuant to this section may be issued for a period not to exceed the end of the third fiscal year following the fiscal year in which the notes were issued; provided, that with the approval of the state director of local finance the maturity date of such notes may be extended or renewed for not more than two (2) additional periods not exceeding three (3) years each. Each fiscal year any such original or such extension or renewal notes are outstanding following the first fiscal year, the local government shall retire a portion thereof equal to not less than one ninth (1/9) of the original principal amount of the notes. The resolution authorizing any such issue of notes shall provide for the principal of the notes to be payable annually either by maturity or by mandatory redemption. The resolution authorizing such notes may provide that the notes shall be subject to redemption prior to maturity at the option of the local government. The state director of local finance, in approving any such notes, may waive the requirement of periodic retirement.

SECTION 4. Tennessee Code Annotated, Section 9-21-605, is amended by deleting such section in its entirety and by substituting instead the following:

Capital outlay notes issued solely for the acquisition of a fee simple absolute interest in land pursuant to this section may be issued for a period not to exceed the end of the third fiscal year following the fiscal year in which the notes were issued; provided, that with the approval of the state director of local finance the maturity date of such notes may be extended or renewed for not more than two (2) additional periods not exceeding three (3) years each. Each fiscal year any such original or such extension or renewal notes are outstanding following the first fiscal year, the local government shall retire a portion thereof equal to not less than one ninth (1/9) of the original principal amount of the notes. The resolution authorizing any such issue of notes shall provide for the principal of the notes to be payable annually either by maturity or by mandatory redemption. The resolution authorizing such notes may provide that the notes shall be subject to redemption prior to maturity at the option of the local government. The state director of local finance, in approving any such notes, may waive the requirement of periodic retirement.

SECTION 5. Tennessee Code Annotated, Section 9-21-608, is amended by deleting such section in its entirety and by substituting instead the following:

Capital outlay notes issued pursuant to this section may be issued for a period greater than the third fiscal year following the fiscal year in which the notes were issued but not greater than the twelfth fiscal year following the fiscal year in which the notes were issued. Each fiscal year any such notes are outstanding following the first fiscal year, the local government shall retire principal on the notes in an amount that is estimated to be at least equal to an amortization which will reflect level debt service of the note issue as established at the time of the sale and as indicated in the resolution authorizing the notes, or as otherwise approved by the state director of local finance; provided, that all such notes shall be retired in no event greater than the twelfth fiscal year following the fiscal year in which the notes were issued. The resolutions authorizing any such issue of notes shall provide for principal of the notes to be payable annually either by maturity or by mandatory redemption. The state director of local finance, in approving any such notes, may waive the requirement of periodic retirement. The resolution authorizing such issue of notes may provide that the notes shall be subject to redemption prior to maturity at the option of the local government. Notes issued pursuant to this section totaling two million dollars ($2,000,000) or less shall be sold at competitive public sale or by the informal bid process described in § 9-21-609. Notes issued pursuant to this section totaling greater than two million dollars ($2,000,000) shall be sold at competitive sale.

SECTION 6. Tennessee Code Annotated, Section 9-21-609(b), is amended by deleting such subsection in its entirety and by substituting instead the following:

If the capital outlay notes will be sold at competitive public sale, then the local government shall publish a notice of sale at least five (5) days prior to the date on which the capital outlay notes are to be sold, either in a financial newspaper having national circulation, or via an electronic communication system which is generally available to the financial community. The notice of sale shall set forth the time, date and place of sale, the maximum amount of capital outlay notes to be sold, the maximum interest rate, the maximum discount, if any, in dollars or as a percentage of par value, that will be permitted, and the basis upon which the capital outlay notes will be awarded. If the principal amount of capital outlay notes to be sold is not greater than five million dollars ($5,000,000), then the notice of sale may be published either as set forth above or solely in a newspaper having general circulation in the local government.

SECTION 7. Tennessee Code Annotated, Section 9-21-610(a), is amended by deleting the language "twelve (12) years from the date of initial issuance of such notes" in the first sentence thereof and by substituting instead the following language "the end of the twelfth fiscal year following the first fiscal year in which the notes were issued".

SECTION 8. Tennessee Code Annotated, Section 9-21-612, is hereby amended by deleting the phrase "for a period of greater than three (3) years but not greater than twelve (12) years" in the first sentence of such section.

SECTION 9. Tennessee Code Annotated, Section 9-21-910(b), is amended by deleting such subsection in its entirety and by substituting instead the following:

(b) If the general obligation refunding bonds will be sold at a competitive public sale, the local government shall publish a notice of sale at least five (5) days prior to the date on which the general obligation refunding bonds are to be sold, either in a financial newspaper having national circulation, or via an electronic communication system which is generally available to the financial community. The notice of sale shall set forth the time, date and place of sale, the maximum amount of general obligation refunding bonds to be sold, the maximum interest rate, the maximum discount, if any, in dollars or as a percentage of par value, that will be permitted, and the basis upon which the general obligation refunding bonds will be awarded. If the principal amount of general obligation refunding bonds to be sold is not greater than five million dollars ($5,000,000), then the notice of sale may be published either as set forth above or solely in a newspaper having general circulation in the local government.

SECTION 10. Tennessee Code Annotated, Section 9-21-911, is amended by deleting all provisions except for the first sentence of such section.

SECTION 11. The act shall take effect upon becoming law, the public welfare requiring it.